

Templates for Audit and Review Reports

OFFICIAL

Examples of Emphasis of Matter Paragraphs

Example 1:

Extract of Emphasis of Matter paragraph from an unmodified auditor's report on a GPFS prepared in accordance with Australian Accounting Standards. This report is not prepared under the *Corporations Act 2001*.

Emphasis of Matter

We draw attention to Note X to the financial report, which describes the revenue recognition policy of [name of not-for-profit entity], including the limitations that exist in relation to the recording of cash receipts from [name of source of fundraising revenue]. Revenue from this source represents a significant proportion of [name of not-for-profit entity's] revenue. Our opinion is unmodified in respect of this matter.

Example 2:

Extract of Emphasis of Matter paragraph from an unmodified auditor's report on a SPFS prepared in accordance with a fair presentation framework by a non-reporting entity, including in compliance with Division 60 (in particular section 60.30) of the ACNC Regulation for a large registered entity.

Emphasis of Matter - Basis of Accounting

We draw attention to Note X to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the registered entity's financial reporting responsibilities under the ACNC Act. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.



Templates for Audit and Review Reports

OFFICIAL

Example of Qualified Opinion Paragraphs

Example 3:

Extract of Qualified Opinion paragraphs from an auditor's report on a SPFS prepared in accordance with a fair presentation framework by a non-reporting entity, including in compliance with Division 60 (in particular section 60.30) of the ACNC Regulation for a large registered entity. The auditor was unable to obtain sufficient appropriate audit evidence regarding the cash donations due to the impracticability to establish control over the collection of cash.

Qualified Opinion

We have audited the financial report of [name of registered entity], which comprises the statement of financial position as at 30 June 20XX, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year [period] then ended, and notes to the financial statements, including a summary of significant accounting policies, and the responsible entities' declaration.

In our opinion, except for the effects of the matter described in the Basis of Qualified Opinion section of our report, the accompanying financial report of [name of registered entity] is in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, including:

- (a) giving a true and fair view of the registered entity's financial position as at 30 June 20XX and of its financial performance for the year [period] ended; and
- (b) complying with Australian Accounting Standards to the extent described in Note X, and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

Basis of Qualified Opinion

Cash donations are a significant source of fundraising revenue for [name of registered entity]. The [name of registered entity] has determined that it is impracticable to establish control over the collection of cash donations prior to entry into its financial records. Accordingly, as the evidence available to us regarding fundraising revenue from this source was limited, our audit procedures with respect to cash donations had to be restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion on whether the recorded cash donations of [name of registered entity] are complete.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the registered entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Templates for Audit and Review Reports

OFFICIAL

Example of Qualified Conclusion Paragraphs

Example 4:

Extract of Qualified Conclusion paragraphs from an auditor's review report on a SPFS prepared in accordance with a fair presentation framework by a non-reporting entity, including in compliance with Division 60 (in particular section 60.30) of the ACNC Regulation for a medium registered entity.

The auditor was unable to obtain audit evidence about the registered entity's inventories and cash donations. The auditor has also reported on other reportable matters under section 60-50(3)(b) of the ACNC Act, which was identified in the course of the review, and determined that there was a failure to keep other records as required by section 55-5 of the ACNC Act. A qualified conclusion is expressed on the review of the financial report.

Basis for Qualified Conclusion

Cash donations are a significant source of fundraising revenue for [name of registered entity]. The [name of registered entity] has determined that it is impracticable to establish control over the collection of cash donations prior to entry into its financial records. Accordingly, as the evidence available to us regarding fundraising revenue from this source was limited, our audit procedures with respect to cash donations had to be restricted to the amounts recorded in the financial records. We therefore are unable to conclude whether the recorded cash donations of [name of registered entity] are complete.

Additionally, we were not given all information, explanation and assistance necessary for the conduct of the review in relation to a material component of inventories. We are unable to adopt alternative procedures regarding [identify the component of inventories] included in the statement of financial position at a total amount of xxx as at 30 June 20XX. Accordingly, we were unable to conclude on this inventory balance or determine whether any adjustments might have been found necessary. [This is a deficiency under section 60-30(4)(b) of the ACNC Act.]

Qualified Conclusion

Based on our review, which is not an audit, with the exception of the matters described in the Basis for Qualified Conclusion paragraph, we have not become aware of any matter that makes us believe that the financial report of [name of registered entity] does not satisfy the requirements of Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* including:

- (a) giving a true and fair view of the registered entity's financial position as at 30 June 20XX and of its financial performance for the year [period] ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note X, and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.



Templates for Audit and Review Reports

OFFICIAL

Example of Material Uncertainty Related to Going Concern Paragraph

Example 5:

Extract of Material Uncertainty Related to Going Concern paragraph from an unmodified auditor's report on a SPFS prepared in accordance with a fair presentation framework. The auditor has determined that a material uncertainty exists related to events or conditions that may cast significant doubt on the registered entity's ability to continue as a going concern. The disclosure of the material uncertainty in the financial report is adequate.

Material Uncertainty Related to Going Concern

We draw attention to Note X in the financial report, which indicates that the registered entity incurred a net loss of xxx during the year ended 30 June 20XX and, as of that date, the registered entity's current liabilities exceeded its total assets by XXX. As stated in Note X, these events or conditions, along with other matters as set forth in Note X, indicate that a material uncertainty exists that may cast significant doubt on the registered entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Disclaimer

Information to be found in external publications provided by third parties, has been produced without editorial control or contributions by the AUASB. Any opinions, advice, statements, services, offers or other information or content made available within these publications remain those of the respective author(s) and the AASB is not responsible for any material posted by third parties. If viewing any of these publications as a source of advice, the AUASB strongly recommends that you seek professional advice prior to taking any action.

